

Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /113 W
-----114525 251758Z /75

R 251432Z MAY 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1569
INFO AMEMBASSY VIENNA
AMEMBASSY MOSCOW
AMEMBASSY WARSAW
AMEMBASSY BUCHAREST
AMEMBASSY LONDON

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SECSTATE ALSO FOR USDA
USDA FOR SECRETARY BERGLAND

E.O.11652: N/A
TAGS: EAGR, HU
SUBJECT: SECRETARY OF AGRICULTURE BOB BERGLAND VISIT TO HUNGARY,
MAY 20-23

1. SUMMARY: (A) SECRETARY OF AGRICULTURE BOB BERGLAND
AND HIS PARTY INCLUDING ASSISTANT SECRETARY DALE HATHAWAY
AND FAS ADMINISTRATOR TOM HUGHES CONCLUDED THEIR THREE-
DAY VISIT TO HUNGARY AND LEFT BUDAPEST 9:00 A.M. ON MAY 23.
HIGHLIGHTS OF VISIT INCLUDED MEETING WITH DEPUTY
PRIME MINISTER GYULA SZEKER, SEVERAL MEETINGS WITH
MINISTER OF AGRICULTURE PAL ROMANY, AND A BRIEF VISIT
WITH MINISTER OF FOREIGN TRADE JOZSEF BIRO. THE SECRETARY
AND HIS PARTY ALSO VISITED A LARGE STATE FARM (BABOLNA)
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AND A LARGE COLLECTIVE FARM ENTERPRISE (VASZAR) TO OBSERVE
AMERICAN INDUSTRIAL PRODUCTION SYSTEMS FOR CORN AND
HOLSTEIN FRIESIAN DAIRY CATTLE ADAPTED TO HUNGARIAN
AGRICULTURE.

(B) RECEPTION ON ALL OCCASIONS WAS CORDIAL AND
FRIENDLY. DISCUSSIONS CENTERED ON PROSPECTS FOR
IMPROVED TRADE RELATIONS INCLUDING PROSPECTS FOR

EXTENSION OF CCC CREDITS AND INCREASED COOPERATION AND EXCHANGE IN THE FIELD OF AGRICULTURAL SCIENCE AND TECHNOLOGY. END SUMMARY.

2. FOLLOWING ARE MAJOR TOPICS COVERED DURING THE DISCUSSIONS:

(A) TRADE PROSPECTS. (1) SECRETARY BERGLAND SAID THAT THE NEW U.S. FARM POLICY IS DESIGNED TO CREATE A FAVORABLE CLIMATE FOR IMPROVED TRADE OPPORTUNITIES. THE ESTABLISHMENT OF DOMESTIC GRAIN RESERVES WILL MAINTAIN U.S. AS A RELIABLE SUPPLIER OF AGRICULTURAL COMMODITIES IN THE FUTURE. THE NEW ELIGIBILITY OF HUNGARY FOR CCC CREDITS IS AN ADDED ELEMENT IN FACILITATING TRADE BETWEEN THE TWO COUNTRIES. (2) HUNGARIANS ARE ENTHUSIASTIC OVER PROSPECTS FOR INCREASED TRADE OPPORTUNITIES WITH THE U.S. AS A RESULT OF THE RECENTLY SIGNED BILATERAL TRADE AGREEMENT. THEY HOPE TO DOUBLE THE CURRENT 1,000 TONS OF CANNED HAM (AND PORK PRODUCTS) SALES TO THE U.S. AFTER THE NEWLY BUILT KAPOSVAR MEAT PROCESSING PLANT BEGINS OPERATION SOMETIME NEXT YEAR. WHILE OTHER MEAT PRODUCTS ARE ALREADY KNOWN TO MANY OTHER COUNTRIES, SUCH AS IN WESTERN EUROPE AND JAPAN, THESE HAVE NOT YET BEEN ABLE TO FIND MARKETS IN THE U.S. SIMILARLY, SOME SEED AND POSSIBLY CHEESE EXPORTS TO THE U.S. SHOULD ALSO INCREASE. (3) HUNGARY IS EXPECTED TO BUY A NUMBER OF AGRICULTURAL AND AGRICULTURE-RELATED COMMODITIES FROM THE U.S. IN INCREASED QUANTITIES. LIMITED OFFICIAL USE

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BY FAR THE MOST IMPORTANT ITEM IS SOYBEAN MEAL. CURRENTLY HUNGARY'S TOTAL SOYBEAN MEAL IMPORT RUNS AT ABOUT 600,000 TONS. BECAUSE OF HIGHER U.S. MEAL PRICES (AS AGAINST CHEAPER BRAZILIAN MEALS), U.S. SHARE OF THE HUNGARIAN MEAL MARKET HAS BEEN DECLINING. ALTHOUGH MINISTER ROMANY DID NOT ELABORATE, HE SAID HUNGARY WOULD LIKE TO STUDY POSSIBILITY FOR LONG TERM AGREEMENT WITH U.S. SUPPLIERS IN ORDER TO ASSURE FUTURE SUPPLIES OF SOYBEAN MEAL TO HUNGARY. (4) HUNGARY IS KEENLY INTERESTED IN U.S. HIGH TECHNOLOGY. TECHNOLOGICAL INNOVATION IS A MUST FOR HUNGARY FOR EFFECTIVE COMPETITION IN WORLD MARKETS. MOREOVER, CONDITIONS IN HUNGARIAN AGRICULTURE ARE QUITE FAVORABLE FOR ADAPTATION OF AMERICAN TECHNOLOGY AND KNOW-HOW. A CASE IN POINT IS THE TREND TOWARD 1,000 HERD SIZE DAIRIES IN HUNGARY. MILKING EQUIPMENT AVAILABLE IN THE U.S. IS QUITE SUITABLE FOR SUCH A SIZE OPERATION. (5) HUNGARY WANTS TO CONTINUE TO BUY AND COOPERATE IN THE FIELD OF GENETICS. IT SHOULD REMAIN A GOOD AND GROWING MARKET FOR LIVESTOCK BREEDING MATERIAL WHICH SHOULD INCLUDE BREEDING BULLS, BULL SEMEN AND ZYGOTS FOR TRANSPLANTING.

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(B) CCC CREDIT. HUNGARIANS EXPRESSED INTEREST IN AVAILABILITY OF CCC CREDIT TO FINANCE THE POSSIBLE EXPANSION OF TRADE WITH THE U.S. THE ADMINISTRATIVE DETAILS OF CCC FINANCING ARE NOT WELL KNOWN TO HUNGARIANS. THE SECRETARY PROMISED THAT U.S. WILL PROVIDE FURTHER DETAILS ON THIS PROGRAM. WHILE NO TOTALS WERE DISCUSSED, MINISTER BIRO DID POINT OUT THAT IN 1977, HUNGARY IMPORTED SOME \$240 MIL WORTH OF AGRICULTURAL PRODUCTS NOW ON CCC LIST FROM HARD CURRENCY SOURCES, BUT ONLY ABOUT \$30 MIL FROM THE U.S.

(C) HUNGARY IS ALSO INTERESTED IN INCREASING THE FLOW OF SCIENTIFIC AND TECHNICAL EXPERTS AMONG EDUCATIONAL AND RESEARCH INSTITUTIONS BETWEEN THE TWO COUNTRIES. MINISTER ROMANY HOPED THAT A JOINT AGREEMENT ON
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AGRICULTURAL COOPERATION COULD SOON BE FORMALIZED. HUNGARIANS WOULD WELCOME A U.S. INITIATIVE OUTLINING THOUGHTS ON THIS SUBJECT AND THEY WOULD BE PLEASED TO RESPOND IN SOME DETAIL. THE U.S. AGREED TO SUCH AN INITIATIVE.

(D) MEETING WITH DEPUTY PRIME MINISTER GYULA SZEKER. IN HIS COMMENTS, DEPUTY PRIME MINISTER SZEKER WAS EVEN MORE UPBEAT THAN HIS COLLEAGUES ABOUT THE PROSPECTS FOR INCREASED TRADE OPPORTUNITIES WITH THE UNITED STATES. AFTER POINTING OUT THAT AGRICULTURAL PRODUCTION IN HUNGARY HAD CHANGED FROM SMALL TO LARGE SCALE WITHOUT FALL IN YIELD, HE SUGGESTED THAT THE NEW STRUCTURE OF HUNGARY'S AGRICULTURE SHOULD FACILITATE GREATER COLLABORATION BETWEEN OUR TWO COUNTRIES. HE FELT THAT THE TECHNICAL AND SCIENTIFIC COOPERATION PLAN THAT HAD BEEN HANDED TO HUNGARY BY SECRETARY BUTZ TWO YEARS AGO SHOULD BE REPLACED BY A NEW PLAN. THE SIGNING OF OUR CULTURAL AND SCIENTIFIC ACCORD SHOULD PROVIDE A BASIS FOR BROAD AGREEMENTS IN ANIMAL BREEDING AS WELL AS PLANT PRODUCTION. THERE SHOULD BE "A LIVELY EXCHANGE" OF SCIENTIFIC AND PRACTICAL AGRICULTURALISTS. HE WAS SORRY THAT AT PRESENT THE HUNGARIANS' MAIN AGRICULTURAL PURCHASE FROM THE UNITED STATES WAS SOYBEAN PRODUCTS; HE EMPHASIZED THAT THE HUNGARIANS WOULD LIKE TO PURCHASE MANY OTHER AGRICULTURAL ITEMS, INCLUDING AGRICULTURAL MACHINERY. SZEKER WAS CONFIDENT THAT THE SECRETARY'S VISIT WOULD INSPIRE GREATER COOPERATION BETWEEN THE TWO COUNTRIES.

3. COMMENTS. THE SECRETARY'S VISIT CAME AT A TIME WHEN ENTHUSIASM FOR IMPROVED U.S.-HUNGARIAN RELATIONS REMAINS UNABATED IN HUNGARY. VISIT SHOULD YIELD POSITIVE RESULTS IN IMPROVED TRADE AND CONTACTS BETWEEN THE TWO COUNTRIES ONCE MFN MEASURE PASSES CONGRESS. DELEGATION (AND EMBASSY) DELIGHTED OVER WARM LIMITED OFFICIAL USE

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RECEPTION AND TRADITIONAL HOSPITALITY EXTENDED BY HUNGARIANS TO VISITORS.

4. PRESS COVERAGE, INCLUDING MAY 22 PRESS CONFERENCE AND TAPED INTERVIEW FOR HUNGARIAN RADIO, WILL BE REPORTED SEPTEL.

5. MESSAGE NOT SEEN BY SECRETARY BERGLAND AND WAS SENT AFTER HIS DEPARTURE. KAISER

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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TAGS: EAGR, HU, US, (BERGLAND, ROBERT), (HATHAWAY, DALE), (HUGHES, TOM)
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